ZIPWHIP, INC.

ENABLING TEXTING TO TOLL-FREE, LANDLINE, AND VOIP NUMBERS

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Kelley Drye

About Zipwhip

- Zipwhip is a start-up that developed the routing infrastructure to introduce texting to toll-free, landline, and VoIP numbers

- Zipwhip's infrastructure provides a single interface for termination of commercial volume texting w/ A2P

- Use of A2P channels enables trusted texting

- Enables texting based upon the principle that **the subscriber controls the use of its number**

- Uses multi- factored validation procedures to verify the subscriber associated with a particular number

- Maintains network infrastructure level safeguards against spam and phishing

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Overview

- Prior to 2016, Somos tried to convince the FCC that texting services should be treated like Title II

- In 2016, Somos reversed course, seeking a "declaratory ruling" based on the idea that toll-free texting has always been regulated

- Petition should be denied

  - Seeks a new rulemaking and new obligations NOT a declaratory ruling

  - Would undercut subscriber control and establish a regulatorily created monopoly

  - Toll-free numbers may be used as identifiers in many contexts without regulation

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State of the Texting on Toll-Free Marketplace

- Before 2014, there was no practical way to exchange commercial text messages with toll-free numbers

- Cross-carrier support for texting on toll-free only began in August 2015

- Business texting market is thriving due to investment and innovations

- Major brands are adopting texting as a consumer communication channel

- Business model is still being proven; there are not significant profits for carriers or for Zipwhip

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Existing Industry Methods are Reasonable, and They Work

- No epidemic of toll-free numbers being hijacked or text-enabled without subscriber permission

- Industry-consensus guidelines in place including CTIA Messaging Principles and Best Practices
  - CTIA recently updated these principles through an industry consensus process
  - CTIA principles permit either use of a registry or the independent verification that Zipwhip uses

- Existing methods coalesce around the core principle that the **subscriber controls** the use of its number

- Key factor is validation of subscriber identity and ownership of the number

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Existing Industry Methods are Reasonable, and They Work

- Fundamental to Zipwhip's verification process is calling the number to ensure that the customer seeking to enable has actual control

- If subscriber identity is still in doubt, a registry and other public information sources are consulted

- In disputed scenarios, Zipwhip may require a letter of authorization

- There is nothing unique to texting about verifying ownership when toll-free numbers are used as identifiers
    - OTT applications
    - Internet urls
    - Email addresses

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Issues with Somos's Declaratory Ruling Petition

- **<u>Procedurally improper</u>**
  - Inconsistent with declaratory ruling purpose, to clarify existing rules not substantively change it or essentially create a new rule
  - Identifies no statutory provision, rule or order that imposes the requirements it seeks or is related to texting to toll-free

- **<u>Not wise policy</u>**
  - Proposal would undermine subscriber control and insert RespOrgs in a controlling position
  - Requested mandate would hinder innovation and potentially damage a rapidly evolving marketplace

- **<u>Not needed</u>**
  - Industry-consensus guidelines in place to deal with proper verification and consumer protection; Zipwhip compliant with these

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Somos's Request Is Contrary To Chairman Pai's Regulatory Philosophy

"Consumers benefit most from competition, not preemptive regulation. Free markets have delivered more value to American consumers than highly regulated ones." – Pai Regulatory Philosophy	➢ Somos's request shuns competition in favor of a regulated market
"No regulatory system should indulge arbitrage; regulators should be skeptical of pleas to regulate rivals, dispense favors, or otherwise afford special treatment." - Pai Regulatory Philosophy	➢ Somos's request seeks regulatory favors
"One could read the entire document . . . without finding anything more than hypothesized harms. Or in other words, public-utility regulation was a solution that wouldn't work for a problem didn't exist." – Speech to Free State Foundation (Dec. 2016, discussing Open Internet Order)	➢ Somos's request relies on hypothesized harms
"Proof of market failure should guide the next Commission's considerations of new regulations. And the FCC should only adopt a regulation if it determines that its benefits outweigh its costs." – Speech to Free State Foundation (Dec. 2016)	➢ Somos's request doesn't show market failure
"A . . . key FCC priority is **promoting innovation** across the communications industry." "We want to encourage innovation throughout the Internet economy. That means innovation not just at the edge of the network, but within the networks themselves." – Speech to AEI (May 2017)	➢ Somos' request undermines innovation, relies on a 1980s regulatory solution

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